

Message Text

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C O N F I D E N T I A L LAGOS 9529

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, MNUC, TECH, PFOR, NI

SUBJECT: NIGERIAN INTEREST IN NUCLEAR POWER PLANT

REF: BONN 13099 (NOTAL)

SUMMARY: ACCORDING KNOWLEDGEABLE SOURCE, NIGERIANS INITIATED EXPLORATORY DISCUSSIONS ABOUT POSSIBLE PURCHASE OF ONE OR TWO NUCLEAR POWER PLANS WITH AMERICAN FIRM TWO MONTHS AGO AND PROBABLY HAVE TALKED TO SOVIETS ALSO IN ADDITION TO WEST GERMANS.

1. REF REPORTED THAT HIGH-LEVEL NIGERIAN DELEGATION IN BONN LATE JULY OBTAINED POLITICAL CLEARANCE DISCUSS POSSIBLE PURCHASE OF A NUCLEAR POWER PLANT FROM GERMAN FIRM ON COMMERCIAL SAFEGUARDED BASIS. NIGERIAN TECHNICAL DELEGATION SIMULTANEOUSLY HELD EXPLORATORY DISCUSSIONS BONN WITH KRAFTWERK UNION. DETAILS VAGUE.

2. KNOWLEDGEABLE LAGOS SOURCE SAYS HIGH LEVELS OF NIGERIAN MINISTRY MINES AND POWER APPROACHED REPRESENTATIVE OF MAJOR
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AMERICAN NUCLEAR POWER PLANT MANUFACTURER ABOUT TWO MONTHS AGO TO

INITIATE EXPLORATORY DISCUSSIONS FOR PURCHASE OF ONE OR TWO NUCLEAR POWER PLANTS. SOURCE SAID AMERICAN FIRM OBTAINED "CLEARANCE FROM WASHINGTON" (WHICH TOOK ONE MONTH) AND HAS BEEN DISCUSSING WHAT SOURCE JOKINGLY CALLED ITS "LOW TECHNOLOGY SPECIAL," A 600 MEGAWATT (DERETED FROM 800) MODEL ALREADY SOLD TO YUGOSLAVIA, SPAIN AND OTHER COUNTRIES. SOURCE SAID NIGERIA COULD NOT HANDLE THE HIGH TECHNOLOGY MODEL.

3. NIGERIANS STRESS THAT ANY SALE MUST INCLUDE TRAINING FOR NIGERIANS AND SHOULD INCLUDE AS MUCH LOCAL CONTENT AS POSSIBLE, ACCORDING SOURCE. THEY MADE IT CLEAR THEY ARE TALKING TO OTHER POTENTIAL SUPPLIERS AND EMPHASIZED THEY NOT LIMITING THEMSELVES TO WESTERN FIRMS, SOURCE SAID, ADDING THAT HE THINKS THE NIGERIANS ARE TALKING TO THE SOVIETS, WHO HAVE MADE A PROPOSAL.

4. REGARDING NIGERIA'S NEED FOR A NUCLEAR POWER PLANT: THE SOURCE THINKS PRESTIGE IS A MAJOR MOTIVE BUT OBSERVED THAT NIGERIAN OIL AND GAS SUPPLIES ARE LIMITED AND EXHAUSTIBLE. HE ALSO SAID NIGERIAN PLANNERS ARE USING AN "ARTIFICIAL" INTEREST RATE OF SIX PER CENT, MAKING PURCHASE OF A NUCLEAR POWER PLANT APPEAR ECONOMIC ON PAPER. SOURCE ESTIMATED COST OF A 600-MEGAWATT PLANT AT MINIMUM DOLS 600 MILLIONS. HE SAID CONSIDERABLE EXPATRIATE ASSISTANCE WOULD BE NECESSARY INITIALLY AND SOME EXPATRIATE SKILLS WOULD BE REQUIRED FOR EXTENDED PERIOD.

5. THE NATIONAL ELECTRIC POWER AUTHORITY (NEPA), COUNTRY'S PUBLIC ELECTRICITY MONOPOLY WHICH INCLUDES SEVERAL ONTARIO HYDRO EMPLOYEES ON ITS STAFF, HAS NOTHING TO DO WITH THE NUCLEAR POWER PLANT, SOURCE CLAIMED.

6. COMMENT: WE AGREE THAT PRESTIGE CONSIDERATIONS ARE PROBABLY THE MOVING FORCE BEHIND NIGERIAN EFFORTS TO ACQUIRE NUCLEAR POWER PLANT DESPITE WHATEVER ECONOMIC RATIONALE MIGHT BE PUT FORWARD. GIVEN FMG'S PERCEPTION OF ITS ROLE AS A LEADER IN AFRICA AND THE THIRD WORLD SUCH A MOVE NOT SURPRISING. IN ADDITION, OIL REVENUES GIVE THIS GOVERNMENT WHEREWITHALL TO MAKE THE INVESTMENT. AN IMPORTANT FACTOR AFFECTING TIMING OF NIGERIAN MOVE UNDOUBTEDLY IS RECENT PURCHASE BY SOUTH AFRICA OF NUCLEAR PLANT FROM FRENCH CONSORTIUM. EMBASSY HAS NO RPT NO KNOWLEDGE OF USG CLEARANCE OF TALKS. WOULD GREATLY APPRECIATE WHATEVER INFORMATION AND CONFIDENTIAL

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GUIDANCE DEPARTMENT MIGHT BE ABLE PROVIDE WITH REGARD NIGERIAN EXPLORATORY TALKS WITH U.S. FIRM.
CAHILL

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